

Determining Family Size and Income

Purpose

This chapter outlines the steps necessary to determine who is counted in the family size and how to estimate the family's income. A sample income calculation worksheet to be used in screening for the family's income is provided at the end of this chapter on pages 4-40 and 4-41.

Steps to Determine Family Size and Income

There are several steps in determining the family size and income. Because of the Federal Income Guidelines, ages of the children, and financial responsibility (whose income is counted for whom), children in the same family may qualify for different programs.

There are five basic steps in determining family size and income

1. Determine the family size
2. Determine the income that is received by each family member
3. Determine the gross monthly income for each family member
4. Determine the deductions for each child and pregnant woman
5. Determine the net monthly income for each family member

Manipulation, incorrect reporting of family size and/or income, or splitting families such as putting each child on a separate application, is considered fraudulent behavior and is grounds for termination of the CAA number and certificate.

NOTE: CAAs are not eligibility workers or eligibility specialists. The final eligibility determination is made by the Healthy Families Program and Medi-Cal Program.

Step 1: Determine the Family Size

In order to be counted in the family size, persons must live in the home (with the exception of children under age 21 who are away at school and claimed as tax dependents). Only the incomes of those people counted in the family size are considered.

Who counts in the family size?

- Parents (married or unmarried)
- Spouses/stepparents
- Children (full, half and stepsiblings) under age 21
- Children (full, half and stepsiblings) under age 21 who are away at school and claimed as tax dependents
- Unborn children of any family member

Who does not count in the family size?

- Caretaker relatives such as grandparents or other relatives
- Legal guardians or foster parents
- Recipients of most forms of public assistance (i.e., SSI/SSP, CalWORKs, TANF or General Relief)
- The unmarried father of an unborn child if he has no other children with the pregnant woman
- Roommates, friends, and others

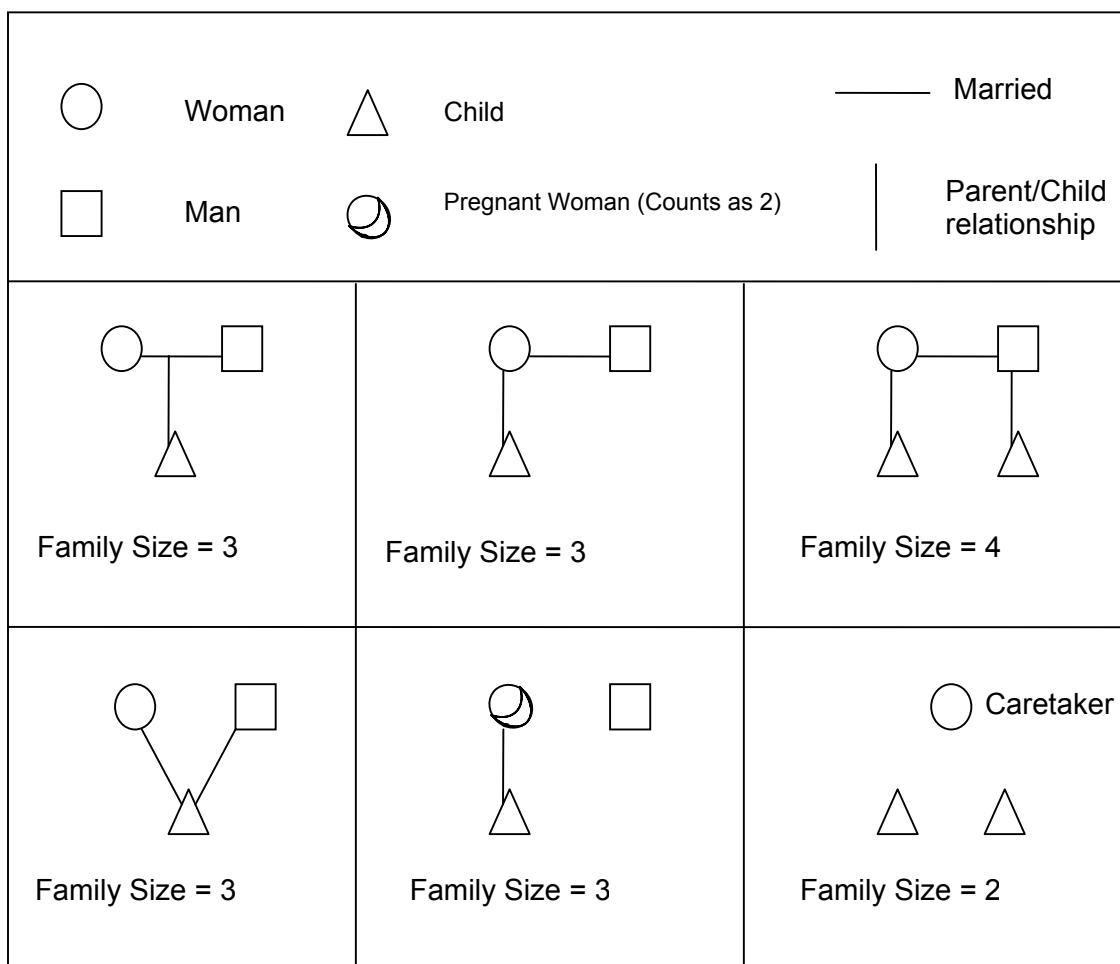
NOTE: Absent parents (natural or adoptive) may apply for the Healthy Families Program for their children who do not live with them. An absent parent cannot apply for Medi-Cal for their children who do not live with them. The absent parent is the applicant, but the family size and income used would be from the household in which the children reside. The absent parent would not be counted in the family size and their income would not be counted. See Chapter 7 (*Healthy Families Program*) for more information about absent parents applying for the Healthy Families Program.

Step 1: Determine the Family Size

When determining family size it can be helpful to diagram the family members and their relationships to each other.

The symbols used for family members are listed below with some common examples.

Family Size Diagrams



NOTE: Diagramming can also be useful when determining whose income is counted for whom.

Step 2: Determine the Income that is Received by Each Family Member

Families may have many different sources of income which may include earnings from a job, retirement, child support, and public assistance. Not all of these forms of income are counted or used when calculating family members' income.

There are three types of income to consider

1. Income that is counted
2. Income that is not counted
3. Income that is excluded (i.e., most forms of public assistance—the income or services from public assistance is not counted and the family members who receive this type of income are not counted in the family size)

The following table describes the types of income that are counted and what documentation is required.

Income That is Counted

INCOME	DOCUMENTATION
Earnings from a job, often referred to as “earned income.” This includes cash, wages, salary, commissions, tips, or under the table (untaxed) income. This also includes job earnings of a child over age 14 AND not going to school. Note: If children are on a break (summer, spring, etc.) but will return to school, they are considered going to school and their job earnings will NOT be counted. Note: If the employer does not withhold taxes, the “employee” is considered to be self-employed. See Self-Employment Net Profits for more information.	A copy of the paycheck stub for a pay period ending within the last 45 days of when the application is received at Single Point of Entry (SPE), OR Previous year’s Federal Tax Forms 1040, 1040A, 1040EZ, or an e-file printout of these forms. This is helpful when a family’s income changes during the year. See pages 4-26 through 4-32 for samples, OR An employer statement on the employer’s letterhead or with the name of company stated on letter for a period ending within the last 45 days, including name of person employed, signature of employer, date of letter, pay frequency and gross earnings amount. See page 4-35 for a sample employer letter. http://www.healthyfamilies.ca.gov/English/caa/pdfs/SampleEmployerLetter.pdf

Step 2: Determine the Income that is Received by Each Family Member

Income That is Counted

INCOME	DOCUMENTATION
Cash income/unverifiable income	<p>An affidavit can be submitted if the person receiving the income cannot document their income in any other way.</p> <p>The affidavit must include</p> <ul style="list-style-type: none">• Name and signature of person receiving income• Date of letter• How much the employee is paid• Date, frequency and source of payment <p>Declarations that (a) the information provided is true and correct, (b) there is no other form of income documentation available, and (c) the employee understands that the state may verify the information provided</p> <p>The affidavit must be handwritten unless the person who is receiving the income has a physical limitation or is illiterate. If the person who receives the income is unable to sign their name, they may put an "X" and include their printed name and signature of a witness</p> <p>See page 4-36 for a sample affidavit or refer to the Healthy Families Website link below.</p> <p>http://www.healthyfamilies.ca.gov/English/caa/pdfs/Sample_Self_Affidavit_Letter.pdf</p>

Self-employee net profits Note: Self-employed persons cannot use affidavits.	<p>Previous year's Federal Tax Form 1040 and Schedule C "Profit or Loss From Business" form (see page 4-27). Depreciation and entertainment and meals are added back to the net income, OR</p> <p>A Profit and Loss Statement must be for the most recent completed three months prior to the date the application is submitted. If the person submits a Profit and Loss Statement for less than three months, it must also include information on when the business began operation. The months reported will be added together and divided by the number of months to calculate the monthly income.</p> <p>See page 4-33 for a sample or consult a tax advisor for instructions on preparing a Profit and Loss statement or refer to the Healthy Families Website link below.</p> <p>http://www.healthyfamilies.ca.gov/English/caa/pdfs/sampleprofitloss.pdf</p>
--	--

Step 2: Determine the Income that is Received by Each Family Member

Income That is Counted

INCOME	DOCUMENTATION
Social Security: Retirement, Survivors and Disability Insurance (RSDI)	Copy of award letter, OR Copy of check, OR Copy of bank statement showing direct deposit
Veteran's Benefits	Copy of award letter, OR Copy of check, OR Copy of bank statement showing direct deposit
Railroad Retirement	Copy of award letter, OR Copy of check, OR Copy of bank statement showing direct deposit
State Disability Insurance (SDI)	Copy of award letter, OR Copy of check, OR Copy of bank statement showing direct deposit
Worker's Compensation	Copy of award letter, OR Copy of check, OR Copy of bank statement showing direct deposit
Unemployment	Copy of award letter, OR Copy of check, OR Copy of bank statement showing direct deposit
Child Support, alimony, or spousal support payments received	Copy of court order, OR Copy of payment receipt, OR Statement from absent parent/spouse who makes the payment(s)
Farming	Federal Income Tax Form 1040 and Federal Schedule F Form (depreciation is added back into the net income)
Pensions or retirement	Copy of award letter, OR Copy of check, OR Copy of bank statement showing direct deposit
Interest Income may be received each month or may accumulate in an account. Some interest, such as that from an IRA account, is not counted.	Copy of current bank statement showing interest earned, OR Previous year's federal tax form
Rental Income	1040 Tax Return or a Rental Income Worksheet (see page 4-37 for a sample) when the 1040 Tax Return is not available.

Step 2: Determine the Income that is Received by Each Family Member

Income That is Counted

INCOME	DOCUMENTATION
Gift Income	<p>A signed and dated letter from the Gift giver (must be within the last 45 days) must include the name of the person to whom the gift is being given on a regular basis (one time gifts are not allowed).</p> <p>Note: Gift income is not counted if the giftor's income has been used to determine the eligibility for any other person on the application who is applying for benefits.</p>
Housing Allowance for clergy	Copy of paystub. Housing allowance may appear under the word "Parsonage" on the paystub.

Step 2: Determine the Income that is Received by Each Family Member

There are many types of income that are not counted. These forms of income are not used to determine families' incomes and ARE NOT listed on the application with the exception of some forms of public assistance that affect family size.

Income That is NOT Counted

- Agent Orange payment to Armed Services Personnel who were exposed
- Disaster and emergency assistance payments
- Educational grants and scholarships
- Energy Assistance payments to low-income families
- Executive volunteer programs
- Federal Housing Assistance
- Federal payments to Native American Indians and Alaska Natives
- Foster care payments
- 401K plan or account that has been cashed out prior to retirement age
- In-kind income, services in-kind
- Income tax credits
- Income tax refund
- Japanese reparation payments
- Job earnings of a child under age 14
- Job earnings of a child age 14 or older if the child is in school
- Payments to victims of crimes
- Payments to victims of the socialist persecution
- Property tax refunds or rebates
- Radiation Exposure Compensation Trust Fund Payments
- Relocation assistance benefits
- Reimbursed expenses, e.g., travel expenses
- Scholarships, loans, and grants applied towards college expenses
- Senior citizen volunteer programs
- Spina Bifida payments
- Title IV student assistance
- Training expenses paid by the Department of Rehabilitation
- Trust accounts. The interest may count as income if the family draws interest each month and if the account is considered accessible. Medi-Cal may count the interest or require additional information about the account.
- Value of Food Stamps
- Vista payments
- Workforce Investment Act (WIA payments)

Step 2: Determine the Income that is Received by Each Family Member

Income That is Excluded

Recipients of the following forms of public assistance are not counted in the family size and this income is not counted. Proof of these forms of public assistance must be indicated on the application and proof must be submitted. Not providing this information may result in a wrong eligibility determination due to an incorrect family size determination. See Chapter 8 (*Application Completion Instructions*) for more information.

Public assistance payments

- Supplemental Security Income/State Supplemental Program (SSI/SSP)
- CalWORKs (TANF, AFDC) - may receive Medi-Cal and Cash Assistance
- 1931(b) Medi-Cal only
- General Relief/Assistance
- 20% Social Security Increase (Pickle)
- Aid to Adoption Payments (AAP)
- Cuban Refugee Cash Grant (RMA)
- Emergency Assistance (EA)
- Indochinese Refugee Cash Grant
- In-Home Supportive Services (IHSS)

NOTE: Persons who receive care under IHSS are considered to be the recipient. They are excluded from the household and their income is not counted. Persons giving the care under IHSS are considered to be the provider and their income is counted as earned income.

Step 3: Determine the Gross Monthly Income for Each Family Member

Once the family size and countable income have been determined, whose income is counted for whom (i.e., financial responsibility) is determined. Not everyone who is counted in the family size will have his/her income counted for all of the family members.

Whose income is counted for which family member depends on his/her family relationships. Family members' incomes are only counted for those people for whom they are financially responsible.

Adults are financially responsible for

- Themselves
- Their spouse
- Their children (biological or adoptive)

Stepparents are not financially responsible for their stepchildren. Unmarried parents are not financially responsible for each other.

Children are not financially responsible for their parents or other adults or their siblings. A child's income, if counted, is only counted for that child. If the child is a parent, their income will also be counted for their children.

NOTE: Child support is considered to be the child's income.

Calculating Income

When calculating income for adults, use the gross amount received before any taxes, retirement, child support, or other withholdings. The only income that is used for screening is the income that is counted. Refer to Step 2 for income that is counted and income not counted. Do not use income that is not counted or excluded in the income calculations.

Step 3: Determining the Gross Monthly Income for Each Family Member

For counted family members, determine how often each person receives income and then convert this income to a monthly amount, as follows

- Once a month: Use the gross monthly amount
 - Twice a month: Multiply by 2
 - Every two weeks: Multiply by 2.167
 - Every week: Multiply by 4.33
 - Quarterly (Every three months): Divide by 3
 - Annually* (Once a year): Divide by 12
- *refer to Federal Income Tax form 1040

Often family members do not realize that there is a difference between being paid twice a month and being paid every two weeks

- If family members are paid on two specific DATES each month (e.g., 1st and 15th), they are paid twice a month
- If family members are paid on a specific DAY of the week (e.g., every other Friday, every other Tuesday), they are paid every two weeks

CAAs will need to ask family members about the dates they are paid and may need to check the dates on a calendar to see how often they are paid.

Calculating Parent's Monthly Gross Income

Calculate the gross amount the parent receives and multiply by the appropriate frequency (described on preceding page) to determine the monthly income. If parents have more than one source of earned income, calculate each source of income separately. Add the sum of any "other countable" income (e.g., alimony, Social Security, State Disability Insurance, etc.) the parent might receive.

NOTE: DO NOT use income that is not counted or excluded in the income calculations. Refer to Step 2 for income that is counted and income not counted.

Take the sum of all countable income to determine the parent's total monthly gross income.

Calculating the Child's Monthly Gross Income

Calculate the gross amount of income the child receives and multiply or divide by the appropriate frequency (frequency chart above). When calculating the monthly gross income for a child, include any countable earned income the child receives. Countable income for a child may include job earnings of a child over age 14 AND not going to school. Other countable income for a child may include child support and/or government benefits (i.e. Social

Step 3: Determining the Gross Monthly Income for Each Family Member

Security benefits, etc.) Refer to Step 2 for income that is counted and financial responsibility on pages 4-4 through 4-10.

Calculating the Pregnant Woman's Monthly Gross Income

When calculating the monthly gross income for a pregnant woman, calculate her income the same as a parent if she is an adult, and calculate as a child if she is a minor.

Step 4: Determine the Deductions for Each Child and Pregnant Woman

Medi-Cal and Healthy Families allow certain income deductions. These are different from tax deductions. The deductions and required documentation are listed in the following chart.

INCOME DEDUCTION	DOCUMENTATION
<p>Work Expense</p> <p>\$90 for each working family member whose income is counted.</p> <p>Deductions are only for earned income (from work). If the income is less than \$90, use the actual amount of income.</p> <p>Income from Temporary Workers' Compensation and State Disability Insurance (SDI) is counted as earned income and recipients also will receive the \$90 work expense deduction. Recipients of permanent Workers' Compensation will not receive this deduction.</p>	<p>No additional documentation needed beyond proof of employment</p> <p>(paycheck stub, employer letter, affidavit, etc.)</p>
<p>Child Care Expenses</p> <p>Total of child care expenses paid for all children who are counted in the family size</p> <ul style="list-style-type: none">• Up to \$200 for each child under age 2• Up to \$175 for each child age 2 and older <p>If the amount paid is less than the maximum allowed, deduct the actual amount paid.</p> <p>For example, parents have a newborn and an 18-month-old. Mom pays \$300 per child per month (total of \$600 per month). Mom can deduct \$400 for child care expenses from her gross income.</p> <p>Working adults and adults in job training/school may get the deduction for child care expenses when there is no other person in the home who can provide child care.</p>	<p>Copies of the receipts, OR</p> <p>Cancelled checks, OR</p> <p>Signed statement from the child care provider</p> <p>For children under 5 years old child care expense documentation with the word "tuition" is acceptable as valid proof of child care expense. It is not acceptable for children over the age of 5 years old.</p>

Step 4: Determine the Deductions for Each Child and Pregnant Woman

INCOME DEDUCTION	DOCUMENTATION
<p>Disabled Dependent Care Expenses</p> <p>The total of dependent care expenses paid for all dependents Up to \$175 for each disabled dependent</p> <p>If the amount paid is less than \$175, deduct the actual amount paid.</p> <p>Note: Only the parent who pays for the expense is eligible for this deduction.</p> <p>Working adults and adults in job training may get the deduction for dependent care expenses. This deduction may be reviewed by the county Department of Social Services or the Healthy Families Program.</p>	<p>Copies of receipts, OR</p> <p>Copies of cancelled checks</p>
<p>Alimony and/or Child Support Received</p> <p>The maximum deduction for all alimony and/or child support received is \$50 per family. The deduction is divided among all family members receiving alimony and/or child support.</p> <p>If the total amount received is less than \$50, deduct the actual amount received.</p> <p>For example, if a child receives child support and his/her parent also receives alimony, the parent and child will each receive a \$25 deduction.</p>	<p>No additional documentation needed beyond proof of income (court order, payment receipt, etc.)</p>

Step 4: Determine the Deductions for Each Child and Pregnant Woman

INCOME DEDUCTION	DOCUMENTATION
<p>Court Ordered Alimony and Child Support Paid</p> <p>Deduct the full amount of the court order or the actual amount paid, whichever is less.</p> <p>Alimony and child support paid that is not court ordered will NOT be deducted.</p> <p>Note: Only the parent who pays the court ordered alimony and/or child support is eligible for this deduction.</p>	<p>Copy of the court order, OR</p> <p>Payment receipts, OR</p> <p>Cancelled checks, OR</p> <p>Copy of a paycheck stub showing a garnishment specified for alimony/and or child support, OR</p> <p>If the amount paid is less than the court ordered amount, cancelled checks or receipts may be sent.</p>

NOTE: The county Department of Social Services will need to determine special deductions for family members who are aged, blind, or disabled. Families with aged, blind, or disabled individuals may have a lower countable income after these special deductions are used.

Step 5: Determine the Net Monthly Income for Each Family Member

Calculating Parent Net Income

To determine a parent's net income, subtract the total parent deductions (see Step 4 in this chapter) from the total parent gross income (see Step 3 in this chapter). Do this for each parent in the home who is counted in the family size.

$$\text{Parent Net Income} = (\text{Total Gross Income} - \text{Total Parent Deductions})$$

Calculating Net Income for Children and Pregnant Women

Because not every family member's income is counted for all other family members, each child and pregnant woman's income must be calculated separately. Only the income of those who are financially responsible for a family member will be used for the person being applied for.

For a child, use the income of

- The parents (natural or adoptive)
- The child

For a pregnant teen, use the income of

- The pregnant teen
- The pregnant teen's husband

For a pregnant woman, use the income of

- The pregnant woman
- The pregnant woman's husband
- Father of unborn child, if he has child in common with the pregnant woman

For an unborn child, use the income of

- The pregnant woman
- Father of unborn child, if he has another child in common with the pregnant woman
- The husband of the pregnant woman

There may be other people who are counted in the family size, such as stepparents and other children with income, but their incomes will not be counted unless they meet the criteria listed above.

Step 5: Determine the Net Monthly Income for Each Family Member

Child's Net Income

In determining a child's net income, use only the net income of those who are financially responsible for this child. Refer to Step 3 for determining the monthly income for each family member.

NOTE: Remember there may be other people who are counted in the family size, such as stepparents and other children with income, whose income will not be counted.

Determine the parent net income that applies to the child and add this to the child's total gross income, if any.

Subtract any deductions the child may be eligible for including work expense (if the child has countable earned income) and the child support received deduction (if this child receives child support).

$$\text{Child Net Income} = (\text{Total Parent Net Income} + \text{Child Gross Monthly Income} - \text{Child Deductions})$$

Pregnant Woman's Net Income

In determining a pregnant woman's net income, rules regarding financial responsibility also apply. Refer to Step 3 in this chapter for more information. Use only the income of the persons who are financially responsible for the pregnant woman (i.e., herself, her husband/spouse, the father of the unborn child, if they have another child in common). Do not apply any child's income and/or child's deductions when determining the income of a pregnant woman.

NOTE: If pregnant teens are being applied for by parents, use the Child Net Income calculation of Child Gross Monthly Income + pregnant teen's spouse's Net Income – Child Deductions.

$$\text{Pregnant Woman's Net Income} = (\text{Pregnant Woman's Net Income} + \text{Spouse's Net Income or Income of the father of the unborn child, if they have another child in common})$$

Step 5: Determine the Net Monthly Income for Each Child

Compare the child's net or pregnant woman's net income to the income chart below to see if the child or pregnant woman appears eligible for Medi-Cal or Healthy Families.

REMINDER: CAAs must always use the NET family income to see if the children or pregnant women appear to be eligible for no-cost Medi-Cal. Applications that are screened eligible to no-cost Medi-Cal at SPE will be forwarded to the county Department of Social Services. Applications with incomes screened above no-cost Medi-Cal will be processed by the Healthy Families Program.

Healthy Families Program and Medi-Cal for Families Income Guideline Chart Guidelines change April 1 of each year

Family Size	Child Age 0 to 1 or Pregnant Woman Medi-Cal	Child Age 0 to 1 Healthy Families	Child Age 1 thru 5 Medi-Cal	Child Age 1 thru 5 Healthy Families	Child Age 6 thru 18 Medi-Cal	Child Age 6 thru 18 Healthy Families
1	\$0 - \$1,734	\$1,735 - \$2,167	\$0 - \$1,153	\$1,154 - \$2,167	\$0 - \$867	\$868 - \$2,167
2	\$0 - \$2,334	\$2,335 - \$2,917	\$0 - \$1,552	\$1,553 - \$2,917	\$0 - \$1,167	\$1,168 - \$2,917
3	\$0 - \$2,934	\$2,935 - \$3,667	\$0 - \$1,951	\$1,952 - \$3,667	\$0 - \$1,467	\$1,468 - \$3,667
4	\$0 - \$3,534	\$3,535 - \$4,417	\$0 - \$2,350	\$2,351 - \$4,417	\$0 - \$1,767	\$1,768 - \$4,417
5	\$0 - \$4,134	\$4,135 - \$5,167	\$0 - \$2,749	\$2,750 - \$5,167	\$0 - \$2,067	\$2,068 - \$5,167
6	\$0 - \$4,734	\$4,735 - \$5,917	\$0 - \$3,148	\$3,149 - \$5,917	\$0 - \$2,367	\$2,368 - \$5,917
7	\$0 - \$5,334	\$5,335 - \$6,667	\$0 - \$3,547	\$3,548 - \$6,667	\$0 - \$2,667	\$2,668 - \$6,667
8	\$0 - \$5,934	\$5,935 - \$7,417	\$0 - \$3,946	\$3,947 - \$7,417	\$0 - \$2,967	\$2,968 - \$7,417
9	\$0 - \$6,534	\$6,535 - \$8,167	\$0 - \$4,345	\$4,346 - \$8,167	\$0 - \$3,267	\$3,268 - \$8,167
10	\$0 - \$7,134	\$7,135 - \$8,917	\$0 - \$4,744	\$4,745 - \$8,917	\$0 - \$3,567	\$3,568 - \$8,917

Add the following dollar amount for each additional family member:

	\$600	\$601 - \$750	\$399	\$400 - \$750	\$300	\$301 - \$750
--	-------	---------------	-------	---------------	-------	---------------

Refer to HFP Website www.healthyfamilies.ca.gov for most current income guidelines, if after April 1st each year.

Using Federal Income Tax Forms to Document Income

Using federal income tax forms documents the income only for those family members in the household whose income is reported on that form. Other family members whose incomes are counted and not listed (e.g., spouses filing separately, children who receive child support, Social Security, etc.) must provide separate proof of income. These other sources of income need to be added to the net monthly income determined from the tax form. For stepparent households, applicants must provide verification (e.g., W-2 forms) to show the amount of the gross income listed on the tax form that belongs to the stepparent. For other types of income belonging to the parents and stepparents (e.g., interest income) divide this income in half.

Using the federal income tax form for the year prior to the previous year will only be accepted until the April 15th tax filing deadline. For example, if a family applied in February 2004, the 2002 federal tax forms could have been used to verify the family's income. After April 15th of each year, applicants can only use their federal tax forms for the previous year. If applicants submit federal tax forms from a period other than the previous year, the tax forms will be considered too old and will not be accepted as proof of income. Applicants will be required to submit their previous year's federal tax forms or some other form of documentation to prove their income. Instructions for using specific federal tax forms are listed below.

Form 1040 U.S. Individual Income Tax Form

Add together all of the positive amounts listed in the "Income Section" (Lines 7 through 21). If applicants have reported losses (negative amounts) on any of the lines of this section, these amounts are counted as zero.

Remember: DO NOT subtract any losses from the positive gross income amount. This amount may be different. DO NOT use the amount on Line 22.

Income	7	Wages, salaries, tips, etc. Attach Form(s) W-2	7	
	8a	Taxable interest. Attach Schedule B if required	8a	
Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld.	b	Tax-exempt interest. Do not include on line 8a 8b		
	9a	Ordinary dividends. Attach Schedule B if required	9a	
	b	Qualified dividends (see page 23) 9b		
	10	Taxable refunds, credits, or offsets of state and local income taxes (see page 24) . .	10	
	11	Alimony received	11	
	12	Business income or (loss). Attach Schedule C or C-EZ	12	
	13	Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>	13	
	14	Other gains or (losses). Attach Form 4797	14	
If you did not get a W-2, see page 23.	15a	IRA distributions 15a	b	Taxable amount (see page 25) 15b
	16a	Pensions and annuities 16a	b	Taxable amount (see page 26) 16b
Enclose, but do not attach, any payment. Also, please use Form 1040-V.	17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17	
	18	Farm income or (loss). Attach Schedule F	18	
	19	Unemployment compensation	19	
	20a	Social security benefits 20a	b	Taxable amount (see page 27) 20b
	21	Other income. List type and amount (see page 29)	21	
	22	Add the amounts in the far right column for lines 7 through 21. This is your total income ►	22	

Using Federal Tax Forms to Document the Income

Form 1040A U.S. Individual Income Tax Form

Add together all the positive amounts listed in the “Income Section” (Lines 7 through 14b). This may be different than the amount listed on line 15. A sample of Form 1040A is on page 4-29.

Income Attach Form(s) W-2 here. Also attach Form(s) 1099-R if tax was withheld. <small>If you did not get a W-2, see page 24.</small> <small>Enclose, but do not attach, any payment.</small>	7	Wages, salaries, tips, etc. Attach Form(s) W-2.	7	
	8a	Taxable interest. Attach Schedule 1 if required.	8a	
	b	Tax-exempt interest. Do not include on line 8a.	8b	
	9a	Ordinary dividends. Attach Schedule 1 if required.	9a	
	b	Qualified dividends (see page 25).	9b	
	10a	Capital gain distributions (see page 25).	10a	
	b	Post-May 5 capital gain distributions (see page 25).	10b	
	11a	IRA distributions.	11a	
	11b	Taxable amount (see page 25).	11b	
	12a	Pensions and annuities.	12a	
12b	Taxable amount (see page 26).	12b		
13	Unemployment compensation and Alaska Permanent Fund dividends.	13		
14a	Social security benefits.	14a		
14b	Taxable amount (see page 28).	14b		
15	Add lines 7 through 14b (far right column). This is your total income .		15	

NOTE: The 1040A cannot be used for self employment. See page 4-23 for instructions on using tax forms (Schedule C) for the self employed.

Form 1040EZ U.S. Individual Income Tax Form

Add together all the positive amounts listed in the “Income Section” (Lines 1 through 3). See page 4-30 for a sample of Form 1040EZ.

NOTE: The 1040EZ cannot be used for self-employment. See page 4-23 for instructions on using tax forms (Schedule C) for the self employed.

Income Attach Form(s) W-2 here. <small>Enclose, but do not attach, any payment.</small>	1	Wages, salaries, and tips. This should be shown in box 1 of your Form(s) W-2. Attach your Form(s) W-2.	1	
	2	Taxable interest. If the total is over \$1,500, you cannot use Form 1040EZ.	2	
	3	Unemployment compensation and Alaska Permanent Fund dividends (see page 14).	3	
	4	Add lines 1, 2, and 3. This is your adjusted gross income .	4	

Using Federal Income Tax Forms to Document Income

IRS e-file

The printout generated by the IRS e-file software, IRS forms 1040, 1040A, and 1040EZ, also can be used to verify family members' previous year's incomes. The lines reported on the IRS e-file printout correspond to the same lines as Form 1040, 1040A, or 1040EZ. The printout must list the amounts actually reported on each line of the actual federal tax form (positive and negative amounts).



Using the Federal Income Tax Form to Prove Self-Employment Income

If the Federal Tax Form 1040 is used as proof of income for self-employed family members, a Schedule C (Profit or Loss from Business) or F (Profit or loss from Farming) MUST also be submitted with the Tax Form 1040. See pages 4-27 and 4-28 for samples of the Schedules C and F.

SOME DEDUCTIONS FROM PROFIT/LOSS ARE NOT ALLOWED

Both Medi-Cal and Healthy Families DO NOT ALLOW certain deductions

- Depreciation listed on:
Line 13 of Schedule C

13	Depreciation and section 179 expense deduction (not included in Part III) (see page C-4)	13		
----	--	----	--	--

Line 16 of Schedule F

16	Depreciation and section 179 expense deduction not claimed elsewhere (see page F-4)	16		
----	---	----	--	--

- Meals and entertainment listed on Line 24b of Schedule C

24	Travel, meals, and entertainment:			
a	Travel	24a		
b	Meals and entertainment			

Amounts listed on lines 13 and 24b of Schedule C must be added back to Self-Employment on

- Line 12 of Form 1040

12	Business income or (loss). Attach Schedule C or C-EZ	12		
13a	Capital gain or (loss). Attach Schedule D if required. If not required, check here <input type="checkbox"/>	13a		
b	If box on 13a is checked, enter post-May 5 capital gain distributions	13b		

Amounts listed on line 16 of schedule F must be added back to the net Farm Income on

- Line 18 of Form 1040

17	Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E	17		
18	Farm income or (loss). Attach Schedule F	18		
19	Unemployment compensation	19		

Using the 1040 to Determine Monthly Income

To estimate the monthly income using annual income, add all of the positive amounts of lines 7 through 21 on the Form 1040. Negative amounts are counted as zero. Divide the total positive amounts by 12 to estimate the monthly gross income. Earned income receives the \$90 work expense deduction.

For self-employed persons, divide the amount on line 12 of the Form 1040 by 12 to estimate the monthly gross income. Self-employment income receives the \$90 work expense deduction.

Example: A family is using a paycheck stub to prove the mother's income. The father is self-employed and using his 1040 and Schedule C to prove his income. He reports a net profit from his business income of \$13,789. This amount is divided by 12 to determine the estimated gross monthly income of \$1,149.08.

Using the Affidavit for Income Documentation

Applicants can use affidavits as a last resort to document their income when using the joint Healthy Families and Medi-Cal for Families mail-in application when they have no other acceptable income documentation.

The Healthy Families Program regulations state that an affidavit of income, handwritten by the person who receives the income, can be used as income documentation if the income amount could not be proven by any other acceptable means (e.g., pay stub, 1040, profit and loss statement, etc.). In these cases, the affidavit of income is considered acceptable proof of income.

NOTE: Family members who are self-employed CANNOT use affidavits to document their incomes. They can, however, prepare three-month profit and loss statements or use their federal tax forms with the Schedule C.

Requirements for using an affidavit

An affidavit must include the following information

- Name of the person claiming the income
- Dated letter
- Date income was received and the pay frequency
- Declaration that no other proof of income is available
- Declaration that the information provided is true and correct
- Acknowledgment that he/she understands the information in the letter is subject to verification by the state
- Signature of person claiming the income
- Handwritten, unless applicant is unable to write due to literacy or a physical limitation. If so, it may be typed and applicant may sign with an "X". The printed name and signature of the witness must be included in this situation
- The sample affidavit on the website is strictly an example and is not to be submitted as proof of income documentation

See page 4-36 for a sample affidavit or

http://www.healthyfamilies.ca.gov/English/caa/pdfs/Sample_Self_Affidavit_Letter.pdf

CAA REMINDER: Any manipulation or incorrect reporting of the family income is considered fraudulent behavior and can result in CAA termination and revocation of the CAA number. See Chapter 2 (*Certified Application Assistants*) for more information.

Form 1040

Form 1040		Department of the Treasury—Internal Revenue Service		2007	
U.S. Individual Income Tax Return		OMB No. 1545-0047			
Label (See instructions on page 12.) Use the IRS label. Otherwise, please print or type.		For the year Jan. 1-Dec. 31, 2007, or other tax year beginning , 2007, ending , 20		CMB No. 1545-0047	
		Your first name and initial		Last name	
		If a joint return, spouse's first name and initial		Last name	
		Home address (number and street). If you have a P.O. box, see page 12.		Apt. no.	
		City, town or post office, state, and ZIP code. If you have a foreign address, see page 12.		Your social security number Spouse's social security number You must enter your SSN(s) above.	
Presidential Election Campaign Check here if you, or your spouse if filing jointly, want \$3 to go to this fund (see page 12)		<input type="checkbox"/> You <input type="checkbox"/> Spouse			
Filing Status Check only one box.		1 <input type="checkbox"/> Single 2 <input type="checkbox"/> Married filing jointly (even if only one had income) 3 <input type="checkbox"/> Married filing separately. Enter spouse's SSN above and full name here.			
		4 <input type="checkbox"/> Head of household (with qualifying person). (See page 13.) If the qualifying person is a child but not your dependent, enter this child's name here.			
		5 <input type="checkbox"/> Qualifying widow(er) with dependent child (see page 14)			
Exemptions If more than four dependents, see page 15.		6a <input type="checkbox"/> Yourself. If someone can claim you as a dependent, do not check box 6a. b <input type="checkbox"/> Spouse c Dependents: (1) First name Last name (2) Dependent's social security number (3) Dependent's relationship to you (4) If qualifying child for child tax credit (see page 15) d Total number of exemptions claimed			
Income Attach Form(s) W-2 here. Also attach Forms W-2G and 1099-R if tax was withheld. If you did not get a W-2, see page 10. Endorse, but do not attach, any payment. Also, please use Form 1040-V.		7 Wages, salaries, tips, etc. Attach Form(s) W-2 8a Taxable interest. Attach Schedule B if required b Tax-exempt interest. Do not include on line 8a 9a Ordinary dividends. Attach Schedule B if required b Qualified dividends (see page 19) 10 Taxable refunds, credits, or offsets of state and local income taxes (see page 20) 11 Alimony received 12 Business income or (loss). Attach Schedule C or C-EZ 13 Capital gain or (loss). Attach Schedule D if required. If not required, check here 14 Other gains or (losses). Attach Form 4797 15a IRA distributions 15b Taxable amount (see page 21) 16a Pensions and annuities 16b Taxable amount (see page 22) 17 Rental real estate, royalties, partnerships, S corporations, trusts, etc. Attach Schedule E 18 Farm income or (loss). Attach Schedule F 19 Unemployment compensation 20a Social security benefits 20b Taxable amount (see page 24) 21 Other income. List type and amount (see page 24) 22 Add the amounts in the far right column for lines 7 through 21. This is your total income			
Adjusted Gross Income		23 Educator expenses (see page 20) 24 Certain business expenses of reservists, performing artists, and fee-basis government officials. Attach Form 2106 or 2106-EZ 25 Health savings account deduction. Attach Form 8889 26 Moving expenses. Attach Form 3903 27 One-half of self-employment tax. Attach Schedule SE 28 Self-employed SEP, SIMPLE, and qualified plans 29 Self-employed health insurance deduction (see page 20) 30 Penalty on early withdrawal of savings 31a Alimony paid b Recipient's SSN 32 IRA deduction (see page 27) 33 Student loan interest deduction (see page 30) 34 Tuition and fees deduction. Attach Form 8917 35 Domestic production activities deduction. Attach Form 8809 36 Add lines 23 through 31a and 32 through 35 37 Subtract line 36 from line 22. This is your adjusted gross income			

For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see page 83. Cat No. 11320B Form 1040 (2007)

Schedule F

SCHEDULE F (Form 1040) <small>Department of the Treasury Internal Revenue Service</small>		Profit or Loss From Farming <small>▶ Attach to Form 1040, Form 1040NR, Form 1041, Form 1065, or Form 1065-B. ▶ See instructions for Schedule F (Form 1040).</small>		<small>OMB No. 1545-0074</small> <div style="font-size: 24pt; font-weight: bold;">2007</div> <small>Attachment Sequence No. 14</small>	
Name of proprietor			Social security number (SSN)		
A Principal product. Describe in one or two words your principal crop or activity for the current tax year.			B Enter code from Part IV		
C Accounting method: (1) <input type="checkbox"/> Cash (2) <input type="checkbox"/> Accrual			D Employer ID number (EIN), if any		
E Did you "materially participate" in the operation of this business during 2007? If "No," see page F-2 for limit on passive losses. <input type="checkbox"/> Yes <input type="checkbox"/> No					
Part I Farm Income—Cash Method. Complete Parts I and II (Accrual method. Complete Parts II and III, and Part I, line 11.) Do not include sales of livestock held for draft, breeding, sport, or dairy purposes. Report these sales on Form 4797.					
1 Sales of livestock and other items you bought for resale	1				
2 Cost or other basis of livestock and other items reported on line 1	2				
3 Subtract line 2 from line 1				3	
4 Sales of livestock, produce, grains, and other products you raised				4	
5a Cooperative distributions (Form(s) 1099-PATR)	5a		5b Taxable amount	5b	
6a Agricultural program payments (see page F-3)	6a		6b Taxable amount	6b	
7 Commodity Credit Corporation (CCC) loans (see page F-3):					
a CCC loans reported under election	7b		7c Taxable amount	7a	
b CCC loans forfeited				7c	
8 Crop insurance proceeds and federal crop disaster payments (see page F-3):					
a Amount received in 2007	8a		8b Taxable amount	8b	
c If election to defer to 2008 is attached, check here <input type="checkbox"/>			8d Amount deferred from 2008	8d	
9 Custom hire (machine work) income				9	
10 Other income, including federal and state gasoline or fuel tax credit or refund (see page F-3)				10	
11 Gross income. Add amounts in the right column for lines 3 through 10. If you use the accrual method, enter the amount from Part III, line 51				11	
Part II Farm Expenses—Cash and Accrual Method. Do not include personal or living expenses such as taxes, insurance, or repairs on your home.					
12 Car and truck expenses (see page F-4). Also attach Form 4562	12				
13 Chemicals	13				
14 Conservation expenses (see page F-4)	14				
15 Custom hire (machine work)	15				
16 Depreciation and section 179 expense deduction not claimed elsewhere (see page F-5)	16				
17 Employee benefit programs other than on line 25	17				
18 Feed	18				
19 Fertilizers and lime	19				
20 Freight and trucking	20				
21 Gasoline, fuel, and oil	21				
22 Insurance (other than health)	22				
23 Interest:					
a Mortgage (paid to banks, etc.)	23a				
b Other	23b				
24 Labor hired (less employment credits)	24				
25 Pension and profit-sharing plans			25		
26 Rent or lease (see page F-6):					
a Vehicles, machinery, and equipment			26a		
b Other (land, animals, etc.)			26b		
27 Repairs and maintenance			27		
28 Seeds and plants			28		
29 Storage and warehousing			29		
30 Supplies			30		
31 Taxes			31		
32 Utilities			32		
33 Veterinary, breeding, and medicine			33		
34 Other expenses (specify):					
a			34a		
b			34b		
c			34c		
d			34d		
e			34e		
f			34f		
35 Total expenses. Add lines 12 through 34f. If line 34f is negative, see instructions				35	
36 Net farm profit or (loss). Subtract line 35 from line 11.				36	
• If a profit, enter the profit on Form 1040, line 18, and also on Schedule SE, line 1. If you file Form 1040NR, enter the profit on Form 1040NR, line 19. • If a loss, you must go to line 37. Estates, trusts, and partnerships, see page F-6.					
37 If you have a loss, you must check the box that describes your investment in this activity (see page F-7). • If you checked 37a, enter the loss on Form 1040, line 18, and also on Schedule SE, line 1. If you file Form 1040NR, enter the loss on Form 1040NR, line 19. • If you checked 37b, you must attach Form 6198. Your loss may be limited.					
37a <input type="checkbox"/> All investment is at risk. 37b <input type="checkbox"/> Some investment is not at risk.					
For Paperwork Reduction Act Notice, see page F-7 of the instructions. Cat. No. 11346H Schedule F (Form 1040) 2007					

Form 1040 A

Form 1040A		Department of the Treasury—Internal Revenue Service U.S. Individual Income Tax Return		2007	IRS Use Only—Do not write or staple in this space.																																			
Label (See page 15.) Use the IRS label. Otherwise, please print or type. Presidential Election Campaign	L A B E L H E R E	Your first name and initial		Last name																																				
		If a joint return, spouse's first name and initial		Last name																																				
		Home address (number and street). If you have a P.O. box, see page 15.				Apt. no.																																		
		City, town or post office, state, and ZIP code. If you have a foreign address, see page 15.				OMB No. 1545-0074 Your social security number Spouse's social security number You must enter your SSN(s) above.																																		
Checking a box below will not change your tax or refund. Presidential Election Campaign ▶ Check here if you, or your spouse if filing jointly, want \$3 to go to this fund (see page 15) ▶ <input type="checkbox"/> You <input type="checkbox"/> Spouse																																								
Filing status Check only one box.		1 <input type="checkbox"/> Single 2 <input type="checkbox"/> Married filing jointly (even if only one had income) 3 <input type="checkbox"/> Married filing separately. Enter spouse's SSN above and full name here. ▶ 4 <input type="checkbox"/> Head of household (with qualifying person). (See page 16.) If the qualifying person is a child but not your dependent, enter this child's name here. ▶ 5 <input type="checkbox"/> Qualifying widow(er) with dependent child (see page 17)																																						
Exemptions If more than six dependents, see page 18.		6a <input type="checkbox"/> Yourself. If someone can claim you as a dependent, do not check box 6a. b <input type="checkbox"/> Spouse c Dependents: <table border="1" style="width: 100%; border-collapse: collapse; margin-top: 5px;"> <thead> <tr> <th style="width: 30%;">(1) First name</th> <th style="width: 30%;">Last name</th> <th style="width: 20%;">(2) Dependent's social security number</th> <th style="width: 20%;">(3) Dependent's relationship to you</th> <th style="width: 10%;">(4) <input checked="" type="checkbox"/> If qualifying child for child tax credit (see page 18)</th> </tr> </thead> <tbody> <tr><td> </td><td> </td><td> </td><td> </td><td><input type="checkbox"/></td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td><input type="checkbox"/></td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td><input type="checkbox"/></td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td><input type="checkbox"/></td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td><input type="checkbox"/></td></tr> <tr><td> </td><td> </td><td> </td><td> </td><td><input type="checkbox"/></td></tr> </tbody> </table>				(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> If qualifying child for child tax credit (see page 18)					<input type="checkbox"/>					<input type="checkbox"/>					<input type="checkbox"/>					<input type="checkbox"/>					<input type="checkbox"/>					<input type="checkbox"/>
(1) First name	Last name	(2) Dependent's social security number	(3) Dependent's relationship to you	(4) <input checked="" type="checkbox"/> If qualifying child for child tax credit (see page 18)																																				
				<input type="checkbox"/>																																				
				<input type="checkbox"/>																																				
				<input type="checkbox"/>																																				
				<input type="checkbox"/>																																				
				<input type="checkbox"/>																																				
				<input type="checkbox"/>																																				
		Boxes checked on 6a and 6b: No. of children on 6c who: • lived with you • did not live with you due to divorce or separation (see page 18) Dependents on 6c not entered above Add numbers on lines above ▶ <input type="text"/>																																						
		d Total number of exemptions claimed. <input type="text"/>																																						
Income Attach Form(s) W-2 here. Also attach Form(s) 1099-R if tax was withheld. If you did not get a W-2, see page 21. Enclose, but do not attach, any payment.		7 Wages, salaries, tips, etc. Attach Form(s) W-2. 7 8a Taxable interest. Attach Schedule 1 if required. 8a b Tax-exempt interest. Do not include on line 8a. 8b 9a Ordinary dividends. Attach Schedule 1 if required. 9a b Qualified dividends (see page 22). 9b 10 Capital gain distributions (see page 22). 10 11a IRA distributions. 11a 11b Taxable amount (see page 22). 11b 12a Pensions and annuities. 12a 12b Taxable amount (see page 23). 12b 13 Unemployment compensation and Alaska Permanent Fund dividends. 13 14a Social security benefits. 14a 14b Taxable amount (see page 25). 14b 15 Add lines 7 through 14b (far right column). This is your total income. ▶ 15																																						
Adjusted gross income		16 Educator expenses (see page 25). 16 17 IRA deduction (see page 27). 17 18 Student loan interest deduction (see page 29). 18 19 Tuition and fees deduction. Attach Form 8917. 19 20 Add lines 16 through 19. These are your total adjustments. 20 21 Subtract line 20 from line 15. This is your adjusted gross income. ▶ 21																																						
For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see page 74. Cat. No. 11327A Form 1040A (2007)																																								

Form 1040EZ

Form 1040EZ		Department of the Treasury—Internal Revenue Service Income Tax Return for Single and Joint Filers With No Dependents 2007		OMB No. 1545-0074
Label (See page 8.) Use the IRS label. Otherwise, please print or type. Presidential Election Campaign (page 9)	LABEL HERE	Your first name and initial _____ Last name _____		Your social security number _____
		If a joint return, spouse's first name and initial _____ Last name _____		Spouse's social security number _____
		Home address (number and street). If you have a P.O. box, see page 8. _____ Apt. no. _____		▲ You must enter your SSN(s) above. ▲
		City, town or post office, state, and ZIP code. If you have a foreign address, see page 8. _____		
Check here if you, or your spouse if a joint return, want \$3 to go to this fund <input type="checkbox"/> You <input type="checkbox"/> Spouse				
Income Attach Form(s) W-2 here. Enclose, but do not attach, any payment.		1 Wages, salaries, and tips. This should be shown in box 1 of your Form(s) W-2. 1 Attach your Form(s) W-2.		
		2 Taxable interest. If the total is over \$1,500, you cannot use Form 1040EZ. 2		
		3 Unemployment compensation and Alaska Permanent Fund dividends (see page 10). 3		
		4 Add lines 1, 2, and 3. This is your adjusted gross income. 4		
		5 If someone can claim you (or your spouse if a joint return) as a dependent, check the applicable box(es) below and enter the amount from the worksheet on back. <input type="checkbox"/> You <input type="checkbox"/> Spouse If no one can claim you (or your spouse if a joint return), enter \$8,750 if single; \$17,500 if married filing jointly. See back for explanation. 5		
		6 Subtract line 5 from line 4. If line 5 is larger than line 4, enter -0-. This is your taxable income. 6		
Payments and tax		7 Federal income tax withheld from box 2 of your Form(s) W-2. 7		
		8a Earned income credit (EIC). 8a		
		b Nontaxable combat pay election. 8b		
		9 Add lines 7 and 8a. These are your total payments. 9		
		10 Tax. Use the amount on line 6 above to find your tax in the tax table on pages 18–26 of the booklet. Then, enter the tax from the table on this line. 10		
Refund Have it directly deposited! See page 15 and 11 in 11b, 11c, and 11d or Form 8888.		11a If line 9 is larger than line 10, subtract line 10 from line 9. This is your refund. 11a If Form 8888 is attached, check here <input type="checkbox"/>		
		b Routing number _____ c Type: <input type="checkbox"/> Checking <input type="checkbox"/> Savings		
		d Account number _____		
Amount you owe		12 If line 10 is larger than line 9, subtract line 9 from line 10. This is the amount you owe. For details on how to pay, see page 16. 12		
Third party designee		Do you want to allow another person to discuss this return with the IRS (see page 16)? <input type="checkbox"/> Yes. Complete the following. <input type="checkbox"/> No		
		Designee's name _____ Phone no. _____ Personal identification number (PIN) _____		
Sign here Joint return? See page 8. Keep a copy for your records.		Under penalties of perjury, I declare that I have examined this return, and to the best of my knowledge and belief, it is true, correct, and accurately lists all amounts and sources of income I received during the tax year. Declaration of preparer (other than the taxpayer) is based on all information of which the preparer has any knowledge.		
		Your signature _____ Date _____ Your occupation _____ Daytime phone number _____		
		Spouse's signature. If a joint return, both must sign. _____ Date _____ Spouse's occupation _____		
Paid preparer's use only		Preparer's signature _____ Date _____ Check if self-employed <input type="checkbox"/> Preparer's SSN or PTIN _____		
		Firm's name (or yours if self-employed), address, and ZIP code _____ EIN _____		
		Phone no. _____		
For Disclosure, Privacy Act, and Paperwork Reduction Act Notice, see page 32. Cat. No. 11329W Form 1040EZ 2007				

Form 1040 CEZ

SCHEDULE C-EZ (Form 1040) Department of the Treasury Internal Revenue Service	Net Profit From Business (Sole Proprietorship) ▶ Partnerships, joint ventures, etc., must file Form 1065 or 1065-B. ▶ Attach to Form 1040, 1040NR, or 1041. ▶ See instructions on back.	OMB No. 1545-0074 <div style="font-size: 2em; font-weight: bold;">2007</div> Attachment Sequence No. 09A
Name of proprietor _____		Social security number (SSN) _____

Part I General Information

You May Use
Schedule C-EZ
Instead of
Schedule C
Only If You:

- Had business expenses of \$5,000 or less.
- Use the cash method of accounting.
- Did not have an inventory at any time during the year.
- Did not have a net loss from your business.
- Had only one business as either a sole proprietor or statutory employee.

And You:

- Had no employees during the year.
- Are not required to file Form 4562, Depreciation and Amortization, for this business. See the instructions for Schedule C, line 13, on page C-4 to find out if you must file.
- Do not deduct expenses for business use of your home.
- Do not have prior year unallowed passive activity losses from this business.

A Principal business or profession, including product or service _____	B Enter code from pages C-4, 9, & 10 ▶
C Business name. If no separate business name, leave blank. _____	D Employer ID number (EIN), if any :
E Business address (including suite or room no.). Address not required if same as on page 1 of your tax return. City, town or post office, state, and ZIP code _____	

Part II Figure Your Net Profit

1 Gross receipts. Caution. If this income was reported to you on Form W-2 and the "Statutory employees" box on that form was checked, see Statutory Employees in the instructions for Schedule C, line 1, on page C-3 and check here ▶ <input type="checkbox"/>	1		
2 Total expenses (see instructions). If more than \$5,000, you must use Schedule C	2		
3 Net profit. Subtract line 2 from line 1. If less than zero, you must use Schedule C. Enter on both Form 1040, line 12, and Schedule SE, line 2, or on Form 1040NR, line 13. (Statutory employees do not report this amount on Schedule SE, line 2. Estates and trusts, enter on Form 1041, line 3.)	3		

Part III Information on Your Vehicle. Complete this part only if you are claiming car or truck expenses on line 2.

4 When did you place your vehicle in service for business purposes? (month, day, year) ▶ ____/____/____.

5 Of the total number of miles you drove your vehicle during 2007, enter the number of miles you used your vehicle for:

a Business _____
b Commuting (see instructions) _____
c Other _____

6 Do you (or your spouse) have another vehicle available for personal use? ☐ Yes ☐ No

7 Was your vehicle available for personal use during off-duty hours? ☐ Yes ☐ No

8a Do you have evidence to support your deduction? ☐ Yes ☐ No

b If "Yes," is the evidence written? ☐ Yes ☐ No

For Paperwork Reduction Act Notice, see page 2.

Cat. No. 14374D

Schedule C-EZ (Form 1040) 2007

Instructions

Before you begin, see General Instructions in the 2007 Instructions for Schedule C.

You can use Schedule C-EZ instead of Schedule C if you operated a business or practiced a profession as a sole proprietorship or you were a statutory employee and you have met all the requirements listed in Schedule C-EZ, Part I.

Line A

Describe the business or professional activity that provided your principal source of income reported on line 1. Give the general field or activity and the type of product or service.

Line B

Enter the six-digit code that identifies your principal business or professional activity. See pages C-8 through C-10 of the instructions for Schedule C for the list of codes.

Line D

You need an employer identification number (EIN) only if you had a qualified retirement plan or were required to file an employment, excise, estate, trust, or alcohol, tobacco, and firearms tax return. If you need an EIN, see the Instructions for Form SS-4. If you do not have an EIN, leave line D blank. Do not enter your SSN.

Line E

Enter your business address. Show a street address instead of a box number. Include the suite or room number, if any.

Line 1

Enter gross receipts from your trade or business. Include amounts you received in your trade or business that were properly shown on Forms 1099-MISC. If the total amounts that were reported in box 7 of Forms 1099-MISC are more than the total you are reporting on line 1, attach a statement explaining the difference. You must show all items of taxable income actually or constructively received during the year (in cash, property, or services). Income is constructively received when it is credited to your account or set aside for you to use. Do not offset this amount by any losses.

Line 2

Enter the total amount of all deductible business expenses you actually paid during the year. Examples of these expenses include advertising, car and truck expenses, commissions and fees, insurance, interest, legal and professional services, office expenses, rent or lease

expenses, repairs and maintenance, supplies, taxes, travel, the allowable percentage of business meals and entertainment, and utilities (including telephone). For details, see the instructions for Schedule C, Parts II and V, on pages C-4 through C-8. If you wish, you can use the optional worksheet below to record your expenses. Enter on line b through f the type and amount of expenses not included on line a.

If you claim car or truck expenses, be sure to complete Schedule C-EZ, Part III.

Line 5b

Generally, commuting is travel between your home and a work location. If you converted your vehicle during the year from personal to business use (or vice versa), enter your commuting miles only for the period you drove your vehicle for business. For information on certain travel that is considered a business expense rather than commuting, see the Instructions for Form 2106.

Paperwork Reduction Act Notice. We ask for the information on this form to carry out the Internal Revenue laws of the United States. You are required to give us the information. We need it to ensure that you are complying with these laws and to allow us to figure and collect the right amount of tax.

You are not required to provide the information requested on a form that is subject to the Paperwork Reduction Act unless the form displays a valid OMB control number. Books or records relating to a form or its instructions must be retained as long as their contents may become material in the administration of any Internal Revenue law. Generally, tax returns and return information are confidential, as required by Internal Revenue Code section 6103.

The time needed to complete and file this form will vary depending on individual circumstances. The estimated burden for individual taxpayers filing this form is included in the estimates shown in the instructions for their individual income tax return. The estimated burden for all other taxpayers who file this form is approved under OMB control number 1545-1973 and is shown below.

Recordkeeping	45 min.
Learning about the law or the form	4 min.
Preparing the form	35 min.
Copying, assembling, and sending the form to the IRS	20 min.

If you have comments concerning the accuracy of these time estimates or suggestions for making this form simpler, we would be happy to hear from you. See the instructions for the tax return with which this form is filed.

Optional Worksheet for Line 2 (keep a copy for your records)

a	Deductible business meals and entertainment (see page C-6)	a		
b	.....	b		
c	.....	c		
d	.....	d		
e	.....	e		
f	.....	f		
g	Total. Add lines a through f. Enter here and on line 2	g		

**Profit & Loss Statement
(Example)**

**ABC Landscaping Company
1000 First Street
Sacramento, CA 95814
(916) 555-1234**

January 2006		February 2006		March 2006	
Total Income	\$5,000	Total	\$2,000	Total Income	\$4,000
Expenses:		Expenses:		Expenses:	
Car	\$ 200	Car	\$ 200	Car	\$ 200
Equipment	\$1,000	Equipment	\$1,000	Equipment	\$ 300
Repair	\$ 300	Repair	\$1,100	Repair	\$ 100
Advertising	\$ 300	Advertising	\$ 300	Advertising	\$ 300
Depreciation	\$ 100	Depreciation	\$ 0	Depreciation	\$ 0
Meals & Entertain.	\$ 100	Meals & Entertain.	\$ 0	Meals & Entertain.	\$ 0
Cash Draw	<u>\$1,000</u>	Cash Draw	<u>\$1,000</u>	Cash Draw	<u>\$1,000</u>
Total Expenses	- \$3,000	Total Expenses	- \$3,600	Total Expenses	- \$1,900
Net Income:	\$2,000	Net Income:	- \$1,600	Net Income:	\$2,100

The information provided above is true and correct to the best of my knowledge.

(Signature and date of Person Earning Income)

Note: Negative net income is always counted as zero. Please see the February 2006 income as an example.

Reminder: If the person submits a Profit and Loss Statement for less than three months, it must also include information on when the business began operation. The months reported will be added together and divided by the number of months to calculate the monthly income.

How the Healthy Families Program Calculates Income When Using a Profit and Loss Statement

When calculating your self-employment income, the HFP does not include depreciation, meals and entertainment, and cash draws as business expenses. The HFP adds expenses for depreciation, meals and entertainment and cash draws back into your monthly income. These types of expenses are referred to as "Disallowed Expenses." Please see the example below.

January 2006		February 2006		March 2006	
Total Income	\$5,000	Total	\$2,000	Total Income	\$4,000
Expenses:		Expenses:		Expenses:	
Car	\$ 200	Car	\$ 200	Car	\$ 200
Equipment	\$1,000	Equipment	\$1,000	Equipment	\$ 300
Repair	\$ 300	Repair	\$1,100	Repair	\$ 100
Advertising	\$ 300	Advertising	\$ 300	Advertising	\$ 300
Depreciation	\$ 100	Depreciation	\$ 0	Depreciation	\$ 0
Meals & Entertain.	\$ 100	Meals & Entertain.	\$ 0	Meals & Entertain.	\$ 0
Cash Draw	\$1,000	Cash Draw	\$1,000	Cash Draw	\$1,000
Total Expenses	- \$3,000	Total Expenses	- \$3,600	Total Expenses	- \$1,900
Net Income:	\$2,000	Net Income:	- \$1,600	Net Income:	\$2,100
Total Income	\$5,000	Total Income	\$2,000	Total Income	\$4,000
Total Expenses	- \$3,000	Total Expenses	- \$3,600	Total Expenses	- \$1,900
Net Income	\$2,000	Net Income	- \$1,600	Net Income	\$2,100
Disallowed Expenses	\$1,200	Disallowed Expenses	\$1,000	Disallowed Expenses	\$1,000
Adjusted Net	\$3,200	Adjusted Net	- \$ 600	Adjusted Net	\$3,100

HFP monthly income calculations

Adjusted Net: January 2006	\$3,200
February 2006	\$ 0
March 2006	\$3,100
Total Adjusted Net:	\$6,300
Divide by:	÷3
Monthly Adjusted Net Income	\$2,100 (this is the amount to enter on the application as the monthly income from self-employment)

Sample Employer Letter

Company Letterhead

Must include the following information:

Name of Employer/Company
Name (of person writing letter)
Address
City, State, Zip
Telephone number

Today's Date

Healthy Families/Medi-Cal for Families
P.O. Box 138005
Sacramento, CA 95813-8005

Dear Medi-Cal/Healthy Families:

I certify that (Name of person receiving income or employee) is an employee of (company name). (Employee's name) gross income for this pay period is \$_____ and frequency of pay is (once a week, twice monthly, every two weeks, once a month). This letter does not guarantee employment or wages.

I certify that the information presented in this letter is true and correct.

Sincerely,

Name
Job Title or Position

HF Sample Employer Letter 04/23/2007

Note: The pay period must be within 45 days of the date the application is received at the Single Point of Entry.

Sample Affidavit of Income Letter

Applicant's Name
Address
City, State, Zip
Phone Number

Today's Date

Healthy Families/Medi-Cal for Families
P.O. Box 138005
Sacramento, CA 95813-8005

Dear Healthy Families and Medi-Cal for Families,

I am providing this affidavit to verify my income as I have no other income documentation available to me.

I receive \$_____ (gross amount), and the frequency of pay is [weekly, every two weeks, twice a month, or monthly]. I last received this amount on _____.

I understand that this information is subject to verification by the State of California. I certify that the information presented in this letter is true and correct to the best of my knowledge and belief.

Sincerely,

Signature of person receiving income

**** This document must be hand written by the applicant. If the applicant cannot hand write, they must put their mark "X" and include a printed name and signature of a witness.***

HF Sample Self Affidavit of Income Letter EN 08/01/2007

Note: The income reported on the Affidavit must be for a period within 45 days of the date the application is received at the Single Point of Entry.

Rental Income Worksheet

We own the property located at: _____

We receive \$_____ every month in rental income from this property.

These are our monthly expenses for the property*:

Mortgage Interest Paid: \$_____

Taxes Paid: \$_____

Utilities Paid: \$_____

Insurance Paid: \$_____

Upkeep/Repairs: \$_____

*If you pay an expense every year instead of every month, divide the amount you pay every year by 12 and write in the monthly amount of the expense

We affirm that the information given on this paper is current, true and correct to the best of our knowledge.

Signature of owner

Date

Signature of owner

Date

RIW EN 05/24/2007

Medi-Cal Notice of Action

State of California—Health and Human Services Agency

Department of Health Services

MEDI-CAL NOTICE OF ACTION Denial or Discontinuance of Benefits Under the 100 Percent Program

(COUNTY STAMP)

Notice date: _____
Case number: _____
Worker name: _____
Worker number: _____
Worker telephone number: _____
Office hours: _____
Notice for: _____

The 100 Percent Program provides Medi-Cal benefits at no share-of-cost for children who are at least 6 years of age up to age 19 whose family income is at or below 100 percent of the federal poverty level. A review of your case shows that:

- ☐ Your child(ren) does not qualify for this program because your family's income is over the allowable limit. You will receive a separate notice about regular Medi-Cal.
- ☐ Your child(ren) does not qualify for this program because your family's income is over the allowable limit. Enclosed are forms that you need to complete and return to us to determine if he/she is eligible for regular Medi-Cal with a share-of-cost. Please return this information within ten days. If we do not receive this information, your child(ren)'s benefits will end _____.
- ☐ Eligibility for benefits under the 100 Percent Program ends because your child has reached age 19.
 - ☐ A separate notice will be sent to you about regular Medi-Cal. If your child is hospitalized, let your worker know right away.
 - ☐ Enclosed are forms that you need to complete for us to determine if he/she is eligible for regular Medi-Cal with a share-of-cost. Please return this information within ten days. If we do not receive this information, your child(ren)'s benefits will end _____.
- ☐ Eligibility for benefits under the 100 Percent Program ends _____ because:

The regulations which require this action are California Code of Regulations, Title 22, Section 50262.6.

If you have any questions about this action, please write or telephone. We will answer your questions or make an appointment to see you. You may reapply for Medi-Cal at any time. DO NOT THROW AWAY YOUR CHILD'S BENEFITS IDENTIFICATION CARD (BIC). Your child can use it again under another regular Medi-Cal program even if your child has a share-of-cost.

PLEASE READ THE REVERSE SIDE OF THIS NOTICE FOR APPEAL INFORMATION.

MC 239 G (6/02)

Medi-Cal Notice of Action

State of California—Health and Human Services Agency

Department of Health Services
Medi-Cal Program

MEDI-CAL NOTICE OF ACTION APPROVAL FOR THE MEDICALLY NEEDY OR MEDICALLY INDIGENT PROGRAM BENEFITS

(COUNTY STAMP)

Notice date: _____
Case number: _____
Worker name: _____
Worker number: _____
Worker telephone number: _____
Office hours: _____
Notice for: _____
(name)

You have been ☐ approved for the following program:
☐ transferred to the following program:

- You do not have to fill out monthly or quarterly status reports to get Medi-Cal.
 - You must report within ten days any significant changes that could affect your eligibility such as changes in your income, property, medical condition, or household situation.
 - You will have to complete the form for your Medi-Cal annual review when it is sent to you.
 - Receiving these Medi-Cal benefits does not count against any CalWORKs program time limits.
 - ☐ Medically Needy Program for a family with a child whose parent(s) is/are absent from the home, deceased, incapacitated, unemployed, or working with limited earnings.
 - ☐ Medically Needy Program for the aged, blind, or disabled.
 - ☐ Medically Indigent Program for pregnant women.
 - ☐ Medically Indigent Program for persons under age 21.
 - ☐ Medically Indigent Program for a child who is the responsibility of a public agency.
 - ☐ Other: _____
 - ☐ You are entitled to full benefits beginning _____.
 - ☐ Your benefits cover only emergency and pregnancy-related services beginning _____.
 - ☐ You are eligible with no share-of-cost.
 - ☐ Your income exceeds the maintenance need amount. You have a share-of-cost to pay or obligate towards your monthly medical care. Your share-of-cost is \$ _____ beginning _____.
- Your share-of-cost was computed as follows:
- | | |
|-----------------------------|----------|
| Gross income | \$ _____ |
| Net nonexempt income | \$ _____ |
| Maintenance need | \$ _____ |
| Excess income/share-of-cost | \$ _____ |

Always show your Benefits Identification Card (BIC) to your medical provider whenever you need care. This card is good as long as you are eligible for Medi-Cal. DO NOT THROW AWAY YOUR PLASTIC BIC.

The regulations that require this action are California Code of Regulations, Title 22, Sections 50203, 50251, and 50653.

MC 350 (2/02)

Sample Income Calculation Worksheet

WORK INCOME (EARNED) : PARENT #1 _____	WORK INCOME (EARNED) : PARENT #2 _____
ONCE A MONTH \$ _____	ONCE A MONTH \$ _____
TWICE A MONTH (e.g., 1 st and 15 th) \$ _____ Multiply by 2 \$ _____	TWICE A MONTH (e.g., 1 st and 15 th) \$ _____ Multiply by 2 \$ _____
EVERY 2 WEEKS (e.g., every other Friday) \$ _____ Multiply by 2.167 \$ _____	EVERY 2 WEEKS (e.g., every other Friday) \$ _____ Multiply by 2.167 \$ _____
EVERY WEEK (e.g., every Friday) \$ _____ Multiply by 4.33 \$ _____	EVERY WEEK (e.g., every Friday) \$ _____ Multiply by 4.33 \$ _____

OTHER COUNTABLE INCOME (UNEARNED): \$ _____ <small>(i.e., Alimony, Unemployment, Worker's Compensation, SDI, etc.)</small>	OTHER COUNTABLE INCOME (UNEARNED): \$ _____ <small>(i.e., Alimony, Unemployment, Worker's Compensation, SDI, etc.)</small>
--	--

TOTAL GROSS INCOME: Parent #1 \$ _____

TOTAL GROSS INCOME: Parent #2 \$ _____

DEDUCTIONS Work Expense (deduct up to \$90) \$ _____ Childcare Expense (if paid by this parent) \$ _____ <ul style="list-style-type: none"> If a child is less than 2 years old, deduct up to \$200. If a child is 2 years old or older, deduct up to \$175. If parent pays less than \$200/\$175, deduct the actual amount paid. Alimony RECEIVED (by this parent) \$ _____ <ul style="list-style-type: none"> Deduct up to \$50. Calculate amount by determining how many family members receive alimony/child support and divide \$50 by that number. Dependent Care (if paid by this parent) \$ _____ <ul style="list-style-type: none"> For care of disabled dependents, up to \$175/dependent. If parent pays less than \$175, deduct the amount paid. Alimony/Child Support PAID (by this parent) <ul style="list-style-type: none"> Deduct the actual/court-ordered amount paid, whichever is less <div style="text-align: right;">\$ _____</div> TOTAL PARENT DEDUCTIONS \$ _____	DEDUCTIONS Work Expense (deduct up to \$90) \$ _____ Childcare Expense (if paid by this parent) \$ _____ <ul style="list-style-type: none"> If a child is less than 2 years old, deduct up to \$200. If a child is 2 years old or older, deduct up to \$175. If parent pays less than \$200/\$175, deduct the actual amount paid. Alimony RECEIVED (by this parent) \$ _____ <ul style="list-style-type: none"> Deduct up to \$50. Calculate amount by determining how many family members receive alimony/child support and divide \$50 by that number. Dependent Care (if paid by this parent) \$ _____ <ul style="list-style-type: none"> For care of disabled dependents, up to \$175/dependent. If parent pays less than \$175, deduct the amount paid. Alimony/Child Support PAID (by this parent) <ul style="list-style-type: none"> Deduct the actual/court-ordered amount paid, whichever is less <div style="text-align: right;">\$ _____</div> TOTAL PARENT DEDUCTIONS \$ _____
---	---

(Total Gross Income – Total Deductions) =

Parent #1- Net Income

\$ _____

(Total Gross Income – Total Deductions) =

Parent #2- Net Income

\$ _____

Sample Income Calculation Worksheet

Parent's Net Income (From Reverse Side)	Child 1 Age _____ Family Size _____	Child 2 Age _____ Family Size _____	Child 3 Age _____ Family Size _____
Parent #1 (if counted for this child)	\$ _____	\$ _____	\$ _____
Parent #2 (if counted for this child)	\$ _____	\$ _____	\$ _____
Total Parent Net Income (Box A)	\$ _____	\$ _____	\$ _____

Child's Countable Income	Child 1	Child 2	Child 3
Work Income (Earned) • if not enrolled in school and over 14 years old	\$ _____	\$ _____	\$ _____
Other Countable Income (Unearned) (i.e., Child Support, Soc. Sec. benefits, etc.)	\$ _____	\$ _____	\$ _____
Total Child Gross Income (Box B)	\$ _____	\$ _____	\$ _____

Child's Deductions	Child 1	Child 2	Child 3
Work Expense • deduct up to \$90	\$ _____	\$ _____	\$ _____
Child Support Received by this child • Deduct up to \$50. Calculate amount by determining how many family members receive alimony/child support and divide \$50 by that number.	\$ _____	\$ _____	\$ _____
Total Child Deductions (Box C)	\$ _____	\$ _____	\$ _____

Total Parent Net Income (Box A)	\$ _____	\$ _____	\$ _____
+			
Total Child Gross Income (Box B)	+ \$ _____	+ \$ _____	+ \$ _____
-			
Total Child Deductions (Box C)	- \$ _____	- \$ _____	- \$ _____
Child Net Income	<u>Child 1 Net Income</u> = \$ _____	<u>Child 2 Net Income</u> = \$ _____	<u>Child 3 Net Income</u> = \$ _____
May be Eligible for:			

Income Calculation Worksheet Instructions

Calculating Parent's Net Income

Step 1- Work Income

Determine and calculate the frequency (how often received) of the gross monthly income for each parent in the family size. Refer to pages 4-4 and 4-5 for more information on work income.

Step 2- Other Countable Income

"Other Countable Income" a parent may receive includes alimony, unemployment, Workers' Compensation, etc. Refer to 4-7 and 4-8 for the list of other income that is counted.

Step 3- Total Gross Income

Take the sum of the "Work Income" and "Other Countable Income" to calculate the "Total Gross Income" for each parent. Refer to page 4-11 and 4-12 for more information.

Step 4- Total Parent Deductions

Medi-Cal and Healthy Families Programs allow certain income deductions to be applied to the "Total Gross Income" of each parent, if he or she is eligible. Refer to page 4-14 through 4-16 for more information on deductions.

Total Parent Deductions: Take the sum of all deductions this parent is eligible for.

Step 5- Parent Net Income

For each parent, take the "Total Gross Income" and subtract the amount of "Total Parent Deductions." Refer to page 4-17 Calculating Parent's Net Income for more information.

NOTE: Please refer to page 4-18 for instructions on how to calculate a pregnant woman's net income.

Income Calculation Worksheet Instructions

Calculating Child's Net Income

Remember to screen each child separately, including only income counted for that child. Repeat Steps 1 through 4 for EACH child you are screening.

Step 1- Parent's Net Income

For each child, take the "Parent Net Income" (from page 1 of worksheet (page 4-40 of manual)) that is counted for this child and total the sum of all "Parent Net Income" to give you the **Total Parent Net Income (Box A)** for each child.

Step 2- Child's Countable Income

A child may also have his or her own income. This income is counted only for the child who actually receives it. Countable income for a child may include

- Work income (of a child) - counts for the child if the child is not enrolled in school and is over the age of 14
- Other Countable income- is other income received by this child (e.g., child support, Social Security benefits, etc.)

Total Child Gross Income (Box B): Take the sum of the child's income (if any) to find the total for this box.

Step 3- Child's Deductions

A child may be eligible for two deductions: work expense and/or child support received.

Total Child Deductions (Box C): Take the sum of all deductions this child is eligible for.

Step 4- Child's Net Income

Refer to page 4-17 for more information on calculating Child's Net Income.

Child 1 Net Income = Child 1's Box A + Child 1's Box B – Child 1's Box C